

Co-Chairs Lininger and Burdick, Members of the Committee,

Governor Brown recently submitted a letter raising concerns she has about changes to the OMMP as contemplated by SB 844. Apparently she is under the presumption that successful implementation of the ensuing recreational program necessitates a reasonably regulated medical program. I am not in complete disagreement with her concerns.

But it appears that there has come to be an overly optimistic placement of faith in a so-called “seed-to-sale” tracking system that is particularly misplaced given the elements of SB 844 adopted thus far. Ultimately, any tracking system would require a certain degree of trust since it would be difficult, if not impossible, to prevent “leakage outside of the legal recreational market”. To think otherwise is unrealistic and counterproductive.

As we have seen, expectations for the legal recreational market are less than overwhelming given latest revenue projections. There is no question that building a legal recreational market is going to take time and perseverance regardless of what tracking system OHA and OLCC adopt.

Unfortunately, our governor appears to defy the will of the voters by suggesting OHA adopt a tracking regime that would be essentially identical to OLCC, as if it would be a magic bullet of sorts. Additionally, the governor’s rationale for adopting such a strategy is based upon assumptions without foundation.

She says “(a)nything short of a strong tracking system *may* result in too much leakage...which *will* run our state afoul of federal guidelines for *legalization* and result in a less successful recreational market” (emph. added).

The suggested “leakage” component is sheer speculation at best. Indeed the sky *may* fall tomorrow.

Secondly, there are no federal guidelines for legalization. None. Only guidelines for federal prosecutors to follow pending political developments. There simply are no such things as “federal guidelines for legalization”. The accuracy of this statement is in line with any assumption that a “seed-to-sale” tracking system for the medical program is essential to the well being of a recreational market.

Again, the emerging recreational market is unlikely to depend upon its’ survival as the governor sees it. Alternatively, a key component will be to maintain the current price structure so markets will be competitive and accommodate reasonable long term growth. This will require diligence emphasizing the need to pre-empt local governments from imposing additional taxes and fees for both recreational and medical marijuana sales.

Furthermore, banning recreational or medical establishments will certainly have a greater negative impact than failure to implement a “strong” tracking system for medical producers.

I therefore encourage you to pass SB 844 as adopted with the -6 and -7 amendments. I would not be opposed to providing similar opt-out provisions as contained in M91 but such opt outs would only encourage black market activities at the expense of our emerging recreational market.

In conclusion, wouldn't it be best to do what we can to encourage so-called black market producers to enter the legal market and provide tax benefits for our state? It appears that our governor has been duped into thinking that the intent of OMMP and M91 is to out-compete and destroy the black market with an untested tracking system that is full of holes.

We can do better.

Thank you again for your efforts to date. Your task is significant indeed and I believe you've created an acceptable balance of interest with SB 844 as adopted.

Regards,

Les Helgeson